

JUSTICE NEWS

Department of Justice

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Parker Drilling Company Resolves FCPA Investigation and Agrees to Pay \$11.76 Million Penalty

Parker Drilling Company, a publicly listed drilling-services company, headquartered in Houston, has agreed to pay an \$11.76 million penalty to resolve charges related to the Foreign Corrupt Practices Act (FCPA) for authorizing payment to an intermediary, knowing that the payment would be used to corruptly influence the decisions of a Nigerian government panel reviewing Parker Drilling's adherence to Nigerian customs and tax laws. Acting Assistant Attorney General Mythili Raman of the Criminal Division and U.S. Attorney Neil H. MacBride for the Eastern District of Virginia announced the charges.

The investigation of Parker Drilling stemmed from the Justice Department's Panalpina-related investigations, which previously yielded criminal resolutions with Panalpina and five oil and gas service companies and subsidiaries and resulted in more than \$156 million in criminal penalties.

Today, the department filed a deferred prosecution agreement and a criminal information against Parker Drilling in U.S. District Court for the Eastern District of Virginia. The one-count information charges Parker Drilling with violating the FCPA's anti-bribery provisions.

According to court documents, in 2001 and 2002, Panalpina World Transport (Nigeria) Limited, working on Parker Drilling's behalf, avoided certain costs associated with complying with Nigeria's customs laws by fraudulently claiming that Parker Drilling's rigs had been exported and then re-imported into Nigeria. In late 2002, Nigeria formed a government commission, commonly called the Temporary Import (TI) Panel, to examine whether Nigeria's Customs Service had collected certain duties and tariffs that Nigeria was due. In December 2002, the TI Panel commenced proceedings against Parker Drilling. The TI Panel later determined that Parker Drilling had violated Nigeria's customs laws and assessed a \$3.8 million fine against Parker Drilling.

According to court documents, rather than pay the assessed fine, Parker Drilling contracted indirectly with an intermediary agent to resolve its customs issues. From January to May 2004, Parker Drilling transferred \$1.25 million to the agent, who reported spending a portion of the money on various things including entertaining government officials. Emails in which the agent requested additional money from Parker Drilling referenced the agent's interactions with Nigeria's Ministry of Finance, State Security Service, and a delegation from the president's office. Two senior executives within Parker Drilling at the time reviewed and approved the agent's invoices, knowing that the invoices arbitrarily attributed portions of the money that Parker Drilling transferred to the agent to various fees and expenses. The agent succeeded in reducing Parker Drilling's TI Panel fines from \$3.8 million to just \$750,000.

Under the terms of the agreement, the Justice Department agreed to defer prosecution of Parker Drilling for three years. Parker Drilling agreed, among other things, to implement an enhanced compliance program and internal controls capable of preventing and detecting FCPA violations, to report periodically to the department concerning Parker Drilling's compliance efforts, and to cooperate with the department in ongoing investigations. If Parker Drilling abides by the terms of the deferred prosecution agreement, the department will dismiss the criminal information when the term of the agreement expires.

In entering into the deferred prosecution agreement with Parker Drilling, the Justice Department took into account a number of considerations. Parker Drilling conducted an extensive, multi-year investigation into the charged conduct; engaged in widespread remediation, including ending its business relationships with officers, employees, or agents primarily responsible for the corrupt payments, enhancing scrutiny of high-risk third-party agents and transactions, increasing training and testing requirements, and instituting heightened review of proposals and other transactional documents for all the company's contracts; otherwise significantly enhanced its compliance program and internal controls; and agreed to continue to cooperate with the department in any ongoing investigation of the conduct.

Parker Drilling also reached a settlement of a related civil complaint filed by the U.S. Securities and Exchange Commission (SEC) charging Parker Drilling with violating the FCPA's anti-bribery, books and records, and internal controls provisions. As part of that settlement, Parker Drilling agreed to pay \$3.05 million in disgorgement and \$1.04 million in prejudgment interest relating to those violations.

The criminal case is being prosecuted by Trial Attorney Stephen J. Spiegelhalter of the Criminal Division's Fraud Section and Assistant U.S. Attorney Jasmine Yoon of the U.S. Attorney's Office for the Eastern District of Virginia, and is being investigated by the FBI. The department's Office of International Affairs assisted in the investigation. The department also acknowledges and is grateful for the assistance of the Crown Prosecution Service, the United Kingdom's Metropolitan Police Service, and SEC.

Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

Component(s):

Criminal Division

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